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SUBJECT: FRANCE'S REFERENDUM ON EU CONSTITUTION: 'NO' WINS
IN DECISIVE REJECTION OF ESTABLISHMENT

SUMMARY

1. (SBU) In a stinging defeat for President Chirac and the entire French establishment -- its political class and business, media and cultural elites -- French voters massively voted 'no' in the May 29 referendum on the proposed constitution for the EU. President Chirac, in a terse statement on national television, acknowledged the setback, and promised a "new impetus" for his administration. As expected, voter turn-out was high (seventy percent of registered voters), with 55 percent voting 'no.' Fear of unemployment and of social and economic dislocation stemming from globalization and an expanded Europe helped drive the populist tide of 'no.' The decision to reject the proposed constitution breaks the momentum of constructing the more united, "political" Europe advocated by all of the constitution's mainstream, center-left and center-right supporters. Domestically, the referendum served as a convenient vehicle for economic and social protest, and highlighted what is termed here a growing "social fracture." (We will address domestic implications of the vote septel).
END SUMMARY.

THE RESULTS

2. (SBU) French voters massively voted 'no' -- 55 percent of a high 70 percent turn-out -- in France's May 29 referendum on the proposed constitution for the EU. The voting pattern conformed to the fracture line dividing cities with strong economies that benefit from EU expansion and globalization (for example, Paris, Lyon, Bordeaux, and Toulouse voted 'yes') from cities with higher unemployment, often also beset by ethnic tensions due to immigration or industrial decline (for example, Marseille, Nice, Lille and Reims voted 'no'). In addition, the voting pattern highlighted the divide between individuals who fear for their employment and economic security and those with the confidence, skills and financial cushion to adapt successfully to changing circumstances. The populist tide of 'no' -- for all its variety of political orientation -- overwhelmingly consisted of workers, salaried employees, shopkeepers, artisans and rural folk. Paris' posh seventh district, like the French expatriate community in the Washington DC area, voted over 80 percent 'yes.' As Francois Rebsamen, mayor of Dijon and architect of the Socialist Party's (PS) losing, 'yes' campaign grimly assessed his party's loss among its own electorate, "Something's happening out there -- every popular segment of society voted 'no.'"

THE FRANCE OF 'NO' AND THE FRANCE OF 'YES'

3. (SBU) The profiles of the 'yes' and 'no' electorates reflects basic political, economic, and social dichotomies: right/left (76 percent of right and right-leaning voters voted 'yes,' 67 percent of left and left-leaning voters voted 'no'); richer/poorer and employment secure/insecure; and metropolitan/provincial and state independent/dependent. The different experience of the factors driving this societal divide (unemployment, diminished purchasing power, outsourcing and globalization, immigration, dependency on public health and education services, etc.) was projected onto the proposed constitution. The high voter turn-out and decisive dimension of the 'no' victory stemmed from the way the referendum provided many the opportunity to express their discontent over living on the wrong side of this divide. Breaking the momentum of the European construction was not a key motive of the majority of French 'no' voters.

PRESIDENT CHIRAC'S REACTION

4. (SBU) Within an hour of the closing of the polls -- in what many observers agreed seemed a mechanical, even hollow, performance -- President Chirac read a terse statement on national television. Struggling to set the stage for regaining the initiative and to play the above-the-fray role that the French constitution envisions for the Chief Executive, Chirac said he had "taken into account" the French people's "democratically expressed" decision. Chirac tried

to put a business-as-usual spin on voters' crumpling dismissal of his leadership and his ten-year record in office. He stressed how France would continue to meet its responsibilities in Europe, and how, in coming days, he would give details of a "new impetus" for administration policy. Interior Minister Dominique de Villepin emerged from the welter of instant analysis that followed announcement of results as a leading candidate to replace Jean-Pierre Raffarin as Prime Minister. Villepin has never been elected to public office and does not have a network of allies in parliament. Even so, the greatest drawback for Chirac and the party he founded (the Union for a Popular Movement (UMP)) of a Villepin government is that Villepin and UMP party president Nicolas Sarkozy are regularly at loggerheads. Their temperaments differ, as do the underpinnings of their outlooks for domestic policy, Villepin hewing to a more traditional, Gaullist statism and nationalism even as Sarkozy signals ever more overtly his "liberal," i.e. free market, policy preferences.

SARKOZY'S "LIBERAL" DESTINY

15. (SBU) In remarks delivered at UMP headquarters soon after polls closed and referendum results were announced, Sarkozy skillfully, determinedly straddled both sides of the fence. On the one hand, he firmly called on the party and the party's electorate to remain united and support the president. On the other hand, he called for a "fundamental rethinking" of the government's social and economic policy even if that implied a major shift that called into question France's social model. If offered the premiership (a job he believes should have been offered him from the very beginning of Chirac's second term in 2002), Sarkozy could not lightly refuse. However, the referendum's resounding 'no' was a massive, popular rejection of the "liberal," in preference for the "social." Undertaking a market-oriented, reform agenda in open defiance of a popular opposition flush with victory is hardly a recipe for political success, even for a politician as talented and confident as Sarkozy.

THE CROWING OF THE VICTORS

16. (SBU) The extreme-right, National Front's (FN) Jean-Marie Le Pen projected himself as, again, "challenging" Chirac for the presidency of France. Le Pen called Chirac a "worthy adversary, who would be easy to beat" in 2007. (In the second round run-off to the 2002 presidential election Le Pen lost to Chirac by 82 percent of the vote). Phillipe de Villiers, the die-hard, far-right sovereignist, whose enthusiastic supporters dubbed "chief of the 'no's,'" called for President Chirac to resign and for dissolution of the National Assembly. The Communist Party's (PC) Marie-George Buffet, along with the leaders of the raft of far-left activist groups that were key to the 'no' campaign's grassroots effectiveness, all called for unity of the people in view of renegotiation of a new, "social" version constitutional treaty for the European Union.

THE PS -- TORN BETWEEN RECRIMINATION AND ELECTORAL CLOUT

16. (SBU) The leaders of France's deeply split Socialist Party (PS) -- of both its 'yes' and 'no' camps -- were all careful to insist, through gritted teeth or masks of magnanimity, that the important thing was "unification of the people of the left." Fifty-six percent of the large, socialist-sympathizing electorate voted 'no.' Had it not been for the leaders of the PS's 'no' camp -- in particular, former prime minister Laurent Fabius, who broke with the party's democratically reached decision to support the proposed constitution and went on to legitimate voting 'no' among center left voters -- 'no' would not have won. Party National Secretary Francois Hollande, who waged a hard-fought, ultimately futile campaign, will not easily cede the party leadership, but he may be irreparably damaged. A struggle for the party may be shaping up between former Prime Minister Jospin, representing the PS establishment, and Fabius. Fabius' intuition about the depth of disaffection among the left's modest income electorate, and his willingness to hitch the wagon of his political future to his hunch make him the big winner on the left for now. However, it is unclear if he will be able to transform this into support for a bid for the presidency in 2007. The PS's need to remain united in order to have any chance of uniting the left-leaning electorate and alternating in power with the center right should outweigh even the deep ideological divisions ('reformist' 'yes' versus "socialist" 'no') and bitter personal divisions that now divide the party's leadership.

WOLFF